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THIS IS UNEVALUATED INFORMATION

There is still a substantial number of former Nationalist functionaries employed in the government offices in Shanghai, particularly where technical training is required as in the banks and the Customs. The number is being reduced gradually, partly by transferring ex-Nationalists to Manchuria.

2.

It is difficult to refuse. Communist agents first circulate among the staff pointing out the patriotic duty of going there and trying to persuade men to volunteer. The next step is a staff meeting at which an agent makes a fervid patriotic speech. At the conclusion of his speech he singles out some man and says: "Our friend Mr Wang is, I know, a patriotic and intelligent man and I am sure he would be glad to volunteer. Let us hear from Mr Wang." This puts Mr Wang on the spot. If he declines to volunteer he will probably be marked as a reactionary and be suitably dealt with. Knowing this he makes the best of a bad job and volunteers.

3.

In the first year after "liberation" [1949-50], the Communists recruited government servants from the young college graduates, many of whom were pro-Communist. These young men were not without some critical judgment and within a year or two many became disillusioned with Communism and politically "unreliable". The Communists then sought lower in the age and educational scale and recruited from among high school graduates in 1951. They found, however, that even these were not entirely reliable and in 1952 they commenced recruiting 14 and 15 year old grammar school graduates, who have known little beyond the Communist regime. They are giving these youths intensive but highly specialized training each in only one subject for about a year prior

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-2-

to putting them to work.

4.

It is true that in some fields such as maintaining public order and some aspects of public health they made a good initial impression but in fact they did little more than carry out routine work which had been instituted before their arrival.

the Communist administration as a whole has disrupted the economy. To maintain order is simple if one has overwhelming force and can exercise arbitrary authority.

In some fields the Communists still have a deserved reputation for honesty. But in many others corruption is widespread. This is particularly true of the government corporations. The 1952 "3 anti-5 anti" campaigns brought many instances of governmental corruption to light. It is possible in Shanghai to pay the police off to overlook minor infractions. In general I would say the Communist reputation for honesty is evaporating.

5.

The Shanghai police force has been considerably increased in size. The proportion of former municipal policemen is much smaller than it was and is constantly decreasing. The new men for the most part are ex-Communist soldiers from the northern provinces.

6.

7.

The laboring classes were in favor of the Communists to begin with but there has been a gradual change in their sentiments.

In spite of nominal wage increases the laborer is not better off than in pre-Communist days. What with year end and sometimes other special bonuses, in pre-Communist days the laborer managed to celebrate New Year's and other festivals and to enjoy himself on those occasions. This is no longer true. The celebrations are banned and in any case he has no money to spare for feasts or luxuries. He is lucky if he manages to keep a job. Shop assistants are in an equally bad way or worse. In many shops

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-3-

the proprietors have given up and turned the shops over to the staffs. At the end of the day the staff divides up the day's take. But because of the lack of public purchasing power, the shortage and high cost of consumer's goods, the turn over in the shops is small and the day's take to be divided is poor. Even the big department stores such as Wing On's and Sincere's are doing little business. Retail clerks are, therefore, also disillusioned with the regime. Higher in the social scale, among shop owners, merchants and professional men the Communists never were popular.

The only group who as a whole are definitely pro-Communist are the school children.

there has been a definite swing away from the Communists in public opinion.

8.

To say that there is a strong pro-KMT sentiment would not be correct. Shanghai had unpleasant experiences under the KMT which have not been forgotten. But the majority of Shanghai Chinese, having now experienced both regimes, would prefer the Nationalists to the Communists. Their attitude is more anti-Communist than pro-Nationalist however. Chiang Kai-shek's personal popularity runs far ahead of that of the KMT. Madame Chiang is well enough regarded, but the Soong-Kung family are detested as is also the CC clique. the "third force" mentioned seldom in Shanghai where it is not taken at all seriously. The choice there is considered to be between the Communists and the Nationalists.

9.

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